

business practices that are implemented lead to reduced costs on current and follow-on contracts. In return, contractors are entitled to share in cost savings subject to limits established in the contract. The contracting officer may require the contractor to provide periodic reporting, or other justification, or to require other steps (e.g., cost segregation) to ensure projected cost savings are being realized.

**1843.7102 Solicitation provision and contract clause.**

The contracting officer shall insert the clause at 1852.243-71, Shared Savings, in all solicitations and contracts expected to exceed \$1,000,000, except those awarded under FAR part 12, NRA and AO procedures, or the SBIR and STTR programs.

**PART 1844—SUBCONTRACTING POLICIES AND PROCEDURES**

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SOURCE: 62 FR 14023, Mar. 25, 1997, unless otherwise noted.

**Subpart 1844.2—Consent to Subcontracts**

**1844.201 Consent and advance notification requirements.**

**1844.201-1 Consent requirements. (NASA supplements paragraph (a))**

(a)(i) In determining special surveillance consent requirements, the contracting officer should consider specific subcontract awards, as well as any individual systems, subsystems, components, technologies, and services that should have contracting officer consent prior to being subcontracted.

(ii) For each planned contract award expected to exceed \$1 million in total estimated value (inclusive of options), the contracting officer should consider such factors as the following to determine whether certain subcontracts require special surveillance:

(A) The degree of subcontract pricing uncertainties at the time of contract award;

(B) The overall quality of the contractor's approach to pricing subcontracts;

(C) The extent of competition achieved, or to be achieved, by the contractor in the award of subcontracts;

(D) Technical complexity and the criticality of specific supplies, services, and technologies on the successful performance of the contract; and

(E) The potential impact of planned subcontracts on source selection or incentive arrangements.

(iii) The contracting officer shall document results of the review in the contract file. For contract modifications and change orders, the contracting officer shall make the determination required by paragraph (a)(ii) of this section whenever the value of any subcontract resulting from the change order or modification is proposed to exceed the dollar threshold for obtaining cost or pricing data (see FAR 15.403-4(a)(1)) or is one of a number of subcontracts with a single subcontractor for the same or related supplies

or services that are expected cumulatively to exceed the dollar threshold for obtaining cost or pricing data.

(iv) In addition, any subcontract under a cost type prime contract shall be identified for special surveillance if consent was not provided at the time of contract award and cost or pricing data would be required in accordance with FAR 15.404-3(c).

[63 FR 43099, Aug. 12, 1998, as amended at 64 FR 5621, Feb. 4, 1999]

#### **1844.202 Contracting officer's evaluation.**

##### **1844.202-1 Responsibilities. (NASA supplements paragraph (a))**

(a) NASA contracting officers shall retain consent to subcontract authority unless delegation is approved in writing by the procurement officer.

#### **1844.204 Contract clauses.**

##### **1844.204-70 NASA contract clause.**

The contracting officer shall insert the clause at 1852.244-70, Geographic Participation in the Aerospace Program, in all research and development solicitations and contracts of \$500,000 or over that will be performed within the United States.

### **Subpart 1844.3—Contractors' Purchasing Systems Reviews**

#### **1844.302 Requirements.**

##### **1844.302-70 DCMC-conducted contractor purchasing system reviews.**

For contracts within their cognizance, NASA contracting officers shall be aware of purchasing system approval status and should become actively involved with the Defense Contract Management Command (DCMC) in the Contractor Purchasing System Review (CPSR) process. Involvement should include the following:

(a) Verifying that CPSRs are being conducted in accordance with FAR 44.302.

(b) Ensuring that purchasing system review specifically includes the business unit performing the NASA contract.

(c) Actively participating as a team member, or arranging NASA represen-

tation, on DCMC CPSRs to review areas of NASA-specific interest. At a minimum, such participation or representation shall be arranged when the DCMC CPSR review involves—

(1) Contractors with major NASA programs;

(2) Contractors' business units where the total dollar value of NASA contracts is substantial; or

(3) Any contractor system where the contracting officer has special concerns.

(d) Ensuring that the selected CPSR sample to be reviewed reflects the level of NASA business in the contractor's purchasing organization.

(e) Providing to the cognizant DCMC CPSR team leader any areas of special emphasis regarding the contractor's purchasing system to ensure that the review is tailored to address any NASA concerns.

[62 FR 14023, Mar. 25, 1997, as amended at 62 FR 36721, July 9, 1997]

##### **1844.302-71 NASA-conducted contractor purchasing system reviews.**

If a NASA activity is the cognizant contract administration officer, or after coordination with the cognizant DCMC CPSR office it is determined that a CPSR is required but cannot be accomplished by DCMC, then a CPSR should be conducted by NASA personnel. The NASA CPSR team leader:

(a) May use the DOD FAR Supplement, Contractor Purchasing System Review (CPSR) guidance, as a general guide to conducting the CPSR.

(b) May vary the scope of review depending on the contractor and contracts involved.

(c) Shall maintain close coordination with the cognizant ACO during CPSRs at contractors under DOD cognizance.

#### **1844.304 Surveillance.**

##### **1844.304-70 Contracting officer surveillance.**

(a) In the period between complete CPSRs, NASA contracting officers shall maintain a sufficient level of surveillance to ensure contractor purchasing efforts in support of NASA contracts are accomplished in an appropriate manner and protect the interests of the Agency.

## **1844.305**

(b) Surveillance shall be accomplished primarily through performance of subcontract consent reviews. Other methods of surveillance, including periodic reviews of contractor purchasing records, may also be conducted. Contracting officers shall document the results of subcontract consent reviews and periodic reviews, maintaining a record of contractor subcontract or purchase order award performance on NASA contracts. Contractor performance shall be summarized on an annual basis and provided to the ACO cognizant of the contractor's purchasing system. Annual reports should summarize the number of consent reviews and other reviews conducted during the year by NASA representatives, and summarize the types and quantity of deficiencies identified during reviews, the need for special reviews, and recommended areas of emphasis during future CPSRs.

### **1844.305 Granting, withholding, or withdrawing approval.**

#### **1844.305-70 Review of CPSR reports.**

ACO actions related to purchasing system approval have a potential impact on NASA contracting officer consent requirements. Accordingly, NASA contracting officers shall review system deficiencies documented in CPSR reports and when results of consent reviews and other sources conflict with CPSR or DOD surveillance conclusions, formally communicate such concerns to the ACO having cognizance of purchasing system approval. Significant issues or significant conflicts with DOD CPSR results should be formally referred to the Office of Procurement (Code HS).

## **PART 1845—GOVERNMENT PROPERTY**

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1845.102-70 NASA policy.

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1845.608-1 General.

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